

FOR IMMEDIATE RELEASE

May 10, 2005

Contact: T. Cotton Nelson (901) 274-9030 cnelson@cotton.org

Cotton Industry Affirms Support for DR-CAFTA

MEMPHIS - The National Cotton Council's (NCC) board of directors announced May 9, following a special session, the NCC's support for the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA).

NCC represents the U.S. cotton industry's seven segments -- producers, ginnerers, cottonseed handlers, warehousemen, merchants, cooperatives and textile manufacturers.

The NCC board adopted a resolution that urges Congress to endorse the current DR-CAFTA and recognizes that the "agreement should provide the United States the best opportunity for supplying apparel manufacturers and other end-use manufacturing industries in the western hemisphere" with U.S. cotton fiber and U.S.-produced cotton textile products. In addition, the resolution urges the Administration to continue to address the trade priorities of the U.S. cotton industry, including taking appropriate action regarding increased competition for U.S.-produced textiles.

Earlier this year, during its annual meeting, the NCC reaffirmed its conviction that a good CAFTA is beneficial to the U.S. cotton and textile industries. The NCC stated its intent to recommend passage of the current agreement "...if benefits to all segments of the cotton and textile industries are achieved by effectively reducing the adverse effects of 3rd-country participation and the Administration continues to address other Council trade priorities."

"Our board reviewed developments over the past several months and concluded that the conditions specified in the late January resolution have been satisfied," said NCC Chairman Woods Eastland, a marketing cooperative official from Greenwood, Mississippi. "The agreement is essential for preserving our current trade with the DR-CAFTA countries, particularly in light of the elimination of all textile quotas effective January 1, 2005."

U.S. raw cotton exports to DR-CAFTA countries in 2004 totaled more than 200,000 bales, accounting for more than 90 percent of raw cotton consumption in those countries. U.S. exports of yarn and fabric totaled more than 2.5 million bale equivalents of cotton textile products accounting for more than 50 percent of total U.S. cotton textile exports in 2004.

American Cotton Producer Chairman John Pucheu, a Tranquility, CA, cotton producer, noted that, "It has been the longstanding view that a good Western Hemisphere trade agreement is vitally important to the U.S. cotton and textile industries. Already, some 80 percent of the cotton consumed by U.S. mills depends on cut-and-sew operations outside the U.S., primarily in Central America and Mexico, and that dependence will continue to grow. The DR-CAFTA agreement will certainly improve our competitiveness in the textile and apparel arena."

NCC President and CEO Mark Lange, said, "We believe the DR-CAFTA agreement should be approved by Congress in the weeks ahead. We look forward to working with Congress, the Administration and the National Council of Textile Organizations toward its adoption and appropriate implementation and to ensure that the potential benefits to U.S. cotton and textiles are not subsequently diminished as other trade agreements are negotiated."

#